

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Franchise Investment Protection Act of
Washington by:

Dr.'s Own, Inc., Joseph Paul, also known as
Joseph Politroni and Joseph Polifroni, Mark
Walsh, their agents and employees,

Respondents.

S-03-080-03-TO01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 03-080

THE STATE OF WASHINGTON TO:

Dr.'s Own, Inc.
261 North Highway 101
Solano Beach, California 92075

Joseph P. Paul, also known as Joseph Politroni
and Joseph Polifroni
Cardiff by the Sea, California

Mark Walsh

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Dr.'s Own, Inc., Joseph P. Paul, also known as Joseph Politroni and Joseph Polifroni, Mark Walsh, their agents and employees have violated the Franchise Investment Protection Act of Washington and that the violations justify the entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondent to cease and desist from such violations would be hazardous to the investors

SUMMARY ORDER TO CEASE AND DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 and to the public and that a Summary Order to Cease and Desist should be entered immediately. The
2 Securities Administrator finds as follows:

3 4 **TENTATIVE FINDINGS OF FACT**

5 **I. Respondents**

6 1. Dr.'s Own, Inc. ("Dr.'s Own") is a California corporation with a primary address of 261
7 North Highway 101, Solana, California 92075. Dr.'s Own is not registered to do business as a foreign
8 corporation in Washington. Dr.'s Own sells Good Feet Store franchises to which they sell specialty
9 orthodic products.

10 2. Joseph P. Paul ("Paul") is a resident of California and was the president of Dr.'s Own at
11 all times relevant to this matter. Paul is also known as Joseph Politroni and Joseph Polifroni.

12 3. Mark Walsh ("Walsh") is a resident of the state of California. He is an attorney who is a
13 member of the State Bar of California and an principal of Dr.'s Own at all times relevant to this
14 matter.

15 **II. Nature of the Offering**

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17 4. In early 2000, a California couple traveled to San Diego, California to discuss opening a
18 Good Feet Store. The couple had heard about the opportunity from a friend who had opened a store. The
19 couple met with Paul and Walsh. The group discussed the details of opening a Good Feet Store. The
20 couple was given the option to reserve a territory in Washington or Oregon. Paul told the couple that
21 there was a lot of interest in opening Good Feet Stores and that the two would have to make a decision
22 that day and pay a deposit in order to reserve a territory. The individuals gave Paul a check for \$900.
23 This check was never deposited or cashed.

1 5. On May 18, 2000, the couple signed a written "Good Feet Dealer Agreement"
2 ("Agreement") with Dr.'s Own. The Agreement granted the couple, hereinafter referred to as "Dealers",
3 an exclusive license to use the name "The Good Feet Store" and to sell the Dr.'s Own products in King
4 County, Washington. The Agreement specifies that the name of the store shall be "The Good Feet
5 Store".

6 6. The Agreement includes a provision that the Dealers will not "offer any product other than
7 those supplied by [Dr.'s Own]". Further, the Agreement allows Dr.'s Own to set the price schedule and
8 make changes to the pricing at any time without notice to the Dealers.

9 7. The Agreement states that Dr.'s Own will provide "printed product brochures, displays,
10 packaging, sales tools...and other promotional material to dealer...". The Agreement prohibits the
11 Dealers from changing or altering these materials in any way. Any outside materials must be approved
12 by Dr.'s Own prior to use.

13 8. Paul told the Dealers that there was an optional training course that they could attend. The
14 Dealers told Paul and Walsh that they did not have enough money to pay for the class, but Walsh told
15 them that they would have to attend in order to get a territory. The cost of the class was \$5,990 and on
16 June 13, 2000 the individuals wrote a personal check for \$5,990 to Dr.'s Own, which was deposited into
17 the Dr.'s Own corporate account. During the summer of 2000, the individuals attended the training class.
18 The class was given in San Diego, California and was taught by Rosalinda Johnson, Paul's wife.

19 9. Prior to entering into the agreement, the Dealers did not receive any written materials,
20 including but not limited to financial statements of Dr.'s Own or a Uniform Franchise Offering Circular.

21 10. The Dealers opened a store in Bellevue, King County, Washington in August 2000. On
22 March 14, 2001, Dr.'s Own and the Dealers entered into a new agreement that, among other things,
23

1 expanded the Dealers' territory to include Whatcom, Skagit, Snohomish, Pierce, and Thurston counties.
2 In approximately May of 2001, the Dealers opened another store in Tacoma, Washington.

3 **III. Registration Status**

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5 11. Dr.'s Own, Paul, and Walsh have not been and are not currently registered to offer or sell
6 franchises in the state of Washington.

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8 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

9 10 **CONCLUSIONS OF LAW**

11 1. The offer and/or sale of The Good Feet Store as described above constitute the offer
12 and/or sale of a franchise as defined in RCW 19.100.010(4) and RCW 19.100.010(16).

13 2. The offer and/or sale of said franchise is in violation of RCW 19.100.020, the registration
14 provision of the Franchise Investment Protection Act, because the franchise sold was to be located in
15 Washington and Respondents were not registered to sell their franchises in Washington.

16 3. The offer and/or sale of said franchise is in violation of RCW 19.100.170, because Dr.'s
17 Own, Paul, and Walsh failed to provide investors with material information regarding the purchase of
18 The Good Feet Store franchise, including but not limited to Uniform Franchise Offering Circular
19 information and current financial statements of Dr.'s Own.
20

21 **EMERGENCY**

22 The Securities Administrator finds that an emergency exists, as the continued offering of the
23 franchise described above in violation of RCW 19.100.020, and RCW 19.100.170 presents a threat to

1 the investing public. Further, the continued presence of Dr.'s Own doing business as an unregistered
2 foreign corporation presents a threat to the investing public. The Securities Administrator therefore
3 finds a summary order to cease and desist from those violations is in the public interest and necessary
4 for the protection of the investing public.

5 **SUMMARY ORDER**

6 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED
7 that Respondents, Dr.'s Own, Paul, Walsh, their agents and employees, each cease and desist from
8 violation of RCW 19.100.020 and RCW 19.100.170, the registration and anti-fraud provisions, of the
9 Franchise Investment Protection Act.

10 **AUTHORITY AND PROCEDURE**

11 This Order is entered pursuant to the provisions of RCW 19.100.248, and is subject to the
12 provisions of Chapter 34.05 RCW. The Respondents, Dr.'s Own, Paul, and Walsh, each may make a
13 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
14 OPPORTUNITY FOR HEARING accompanying this order.
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16 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
17 Tentative Findings of Fact and Conclusions of Law as final and make the summary order to cease and
18 desist permanent as to that respondent.
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1 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

2 DATED this 2nd day of July, 2003.

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5 Deborah R. Bortner
6 Securities Administrator

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9 Presented by:

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11 Susan H. Anderson
12 Financial Legal Examiner

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14 Approved By:

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17 Michael E. Stevenson
18 Chief of Enforcement